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# **NEW APPLICATION**



COMMISSIONERS

Arizona Corporation Commission DOCKETED

BEFORE THE ARIZONA CORPORATION COMMISSION IVEO

DOUG LITTLE - Chairman **BOB STUMP BOB BURNS** 

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In the matter of: DOCKET NO. S-20998A-16-0478

J. Randall Gladden (CRD #1789356),

NOTICE OF OPPORTUNITY FOR HEARING PROPOSED REVOCATION

Respondent.

#### NOTICE: RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

### RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that J. Randall Gladden ("Respondent") has engaged in acts, practices, and transactions that provide grounds for revocation of his registration as a salesman under the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act") and for revocation of his license as an investment adviser representative under the Arizona Investment Management Act, A.R.S. § 44-3101 et seq. ("IM Act").

I.

#### JURISDICTION

The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona 1. Constitution, the Securities Act and the IM Act.

II.

#### RESPONDENT

- 2. At all times material to this matter, Respondent has been a resident of California.
- 3. From on or about March 5, 2013 through August 19, 2016, Respondent was a licensed investment adviser representative with the Commission in association with the investment adviser Lord & Gladden, Inc. (CRD #115679) (hereinafter "Lord & Gladden").
- 4. On or about August 19, 2016, Lord & Gladden filed a Uniform Termination Notice for Securities Industry Registration, Form U5 ("Form U5") that terminated Respondent's investment

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adviser representative license with the Commission. The Form U5 states Respondent was permitted to resign and provided a comment that the resignation was due to a "request to surrender by the State of California due to suspension by FINRA."

- From on or about January 18, 2002 through December 31, 2014, Respondent was a registered securities salesman with the Commission in association with registered dealer Securities Equity Group (CRD #47215) ("SEG").
- From on or about January 18, 2002 through March 15, 2016, Respondent was a registered agent (also called a registered representative) with FINRA and associated with the registered dealer SEG.
- 7. On or about March 15, 2016, SEG filed a Form U5 Full Termination terminating Respondent's association with SEG and terminating Respondent's registrations with FINRA. SEG listed the Reason for Termination on Form U5 as "Permitted to Resign," and SEG disclosed a Termination Explanation on Form U5 with a reference to FINRA Complaint #2014038996201.
  - 8. Respondent is not currently registered or licensed with FINRA or the Commission.
- 9. Notwithstanding that Respondent is not currently registered or licensed with the Commission, under A.R.S. §§ 44-1963(D) and 44-3202(D) Respondent continues to be subject to the Commission's jurisdiction for two years after the termination of his registration or licensure for the purpose of denying, suspending or revoking his registration or licensure in connection with conduct that began before the termination of his registration or licensure.

#### III.

### **FACTS**

10. On or about December 28, 2015 FINRA's Department of Enforcement filed a Complaint with the FINRA Office of Hearing Officers alleging that Respondent solicited his clients to invest over \$2.1 million in a church financing business controlled by Respondent that was not disclosed to and not approved by his FINRA-member broker-dealer, SEG, which violated FINRA rules.

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11. On or about July 19, 2016, FINRA's Office of Hearing Officers issued a final Order
Accepting Offer of Settlement (the "FINRA Order") approving a settlement of the alleged rule
violations between FINRA's Department of Enforcement and Respondent. The FINRA Order
imposed a 12-month suspension from association with any FINRA member in any capacity and a
\$15,000 fine upon Respondent.

12. The suspension of Respondent's association with any FINRA member in any capacity will run from August 1, 2016 to July 31, 2017.

IV.

### REMEDIES PURSUANT TO A.R.S. § 44-1962

## (Revocation of Registration of Salesman)

- 13. FINRA's 12-month suspension of Respondent's FINRA membership is grounds to revoke Respondent's registration as a salesman with the Commission pursuant to A.R.S. § 44-1962.
- 14. Specifically, Respondent is subject to an order of an SRO suspending membership as a broker or dealer in securities for at least six months within the meaning of A.R.S. § 44-1962(A)(8).

V.

### REMEDIES PURSUANT TO A.R.S. § 44-3201

### (Revocation of Investment Adviser Representative License)

- 15. FINRA's 12-month suspension of Respondent's FINRA membership is grounds to revoke Respondent's license as an investment adviser representative with the Commission pursuant to A.R.S. § 44-3201.
- 16. Specifically, revocation of Respondent's license would be in the public interest, and Respondent is subject to an order of an SRO suspending membership as a broker or dealer in securities for at least six months within the meaning of A.R.S. § 44-3201(A)(10).

VI.

### REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

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- 1. Order the revocation of Respondent's registration as a salesman pursuant to A.R.S. § 44-
- Order the revocation of Respondent's license as an investment adviser representative pursuant to A.R.S. § 44-3201;
  - 3. Order any other relief that the Commission deems appropriate.

### VII.

#### HEARING OPPORTUNITY

Respondent may request a hearing pursuant to A.R.S. §§ 44-1972, 44-3212 and A.A.C. R14-4-306. If Respondent requests a hearing, Respondent must also answer this Notice. A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at http://www.azcc.gov/divisions/hearings/docket.asp.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail <a href="mailto:sabernal@azcc.gov">sabernal@azcc.gov</a>. Requests should be made as early as possible to allow time to arrange the accommodation. Additional information about the administrative action procedure may be found at <a href="http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp">http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp</a>

### VIII.

### ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if Respondent requests a hearing, Respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at http://www.azcc.gov/divisions/hearings/docket.asp.

Additionally, Respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Edward Hannsz.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of Respondent or Respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When Respondent intends in good faith to deny only a part or a qualification of an allegation, Respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 23 day of December 2016.

Matthew J. Neubert Director of Securities